

## Michaud Presses for Timely Action on Lumber Agreement

Wednesday, May 11 2011

Delays have cost Maine jobs and forced businesses to close

WASHINGTON, DC &ndash; Today, Congressman Mike Michaud sent a letter to the United States Trade Representative (USTR) to express concern over the delays in the U.S. response to British Columbia's illegal stumpage pricing scheme under the Softwood Lumber Agreement (SLA). In his letter to USTR, Michaud included a letter written to him by Ralph Dwyer, Town Manager of Ashland, Maine, underscoring the need for timely enforcement of the SLA.

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&ldquo;It will be a full five years by the time this case finally gets addressed,&rdquo; said Michaud, a co-chair of the Congressional Lumber Trade Caucus. &ldquo;That is far too long for Maine's lumber industry to wait. All the American lumber companies are asking for is a level playing field and effective enforcement of the Softwood Lumber Agreement. Unfortunately the administrative foot-dragging that has taken place has resulted in delayed relief for Maine's industry, and this is taking its tolls on our state's economy. We shouldn't be sitting on our hands while our businesses are closing their doors in the face of unfair trade practices. We should be doing everything we can to expedite this type of relief.&rdquo;

From 2006 to 2008, Maine lost one sawmill factory each year. In 2010, two additional mills closed, and so far this year another one shut its doors. This represents a 24% decline in Maine's sawmills in the last five years alone. According to the Bureau of Labor Statistics, employment in the sawmills and wood preservation sector nationwide was 118,530. By 2009, that number had fallen to 89,840. The Department of Commerce calculates that each job in the lumber industry supports 4.5 more, which means nearly 130,000 jobs were lost between 2006 and 2009 as a result of the decline in the sawmill sector.

&ldquo;In rural areas of Maine, sawmills can be the primary economic engines of towns, and when they close down, they take entire communities with them,&rdquo; said Michaud. &ldquo;Failure to enforce this agreement in a timely fashion has dealt a significant blow to Maine's \$702 million lumber industry and caused employment declines and economic hardship in communities across the state.&rdquo;

In his letter to Michaud, Ralph Dwyer, Town Manager of Ashland, said that without expeditious evaluation of complaints and initiation of consultations and arbitration when appropriate, the U.S. lumber industry in Maine will disappear.

The full text of the letter Michaud sent to USTR can be found below.

May 11, 2011

The Honorable Ron Kirk

Ambassador

United States Trade Representative

600 17th Street NW

Washington, DC 20508

Dear Ambassador Kirk:

I am writing to express concern with the delayed initiation of consultations and arbitration over British Columbia's (BC) illegal stumpage pricing scheme under the Softwood Lumber Agreement (SLA) and to urge USTR to address any future complaints more expeditiously. As the SLA's expiration approaches and consideration of renewal begins, it is important to evaluate the effectiveness of the agreement's enforcement mechanisms and the length of time it will take for Maine lumber companies to get relief from BC's unfair pricing.

The recently issued Procedural Order in the BC case indicates that the Tribunal's hearing is scheduled for March 2012, nearly five years after documentation of Canada's violation of the agreement was brought to the attention of USTR. I am pleased that arbitration proceedings are underway, and I understand that the timeline of those proceedings is not determined by USTR. I am, however, disappointed that initial delays and feet-dragging by your agency has resulted in postponed relief for American lumber companies. If the agreement does not provide American companies effective, timely relief from Canadian infractions, it will be difficult to view an extension of the agreement as beneficial.

Given that arbitration proceedings are often drawn out and without quick resolution, it is imperative that USTR act expeditiously when complaints about SLA violations are brought to its attention. Unfortunately, that was not the case with the BC pricing scheme issue. For three years, USTR delayed requesting formal consultations with Canada, at Canada's request. I was pleased that in August 2010, during your travels to Maine, you said publicly that you expected to make a decision within 30 days about how to proceed with complaints from U.S. lumber companies about British Columbia's violation of the SLA. The announcement to initiate formal consultations, however, was not made until October.

The SLA stipulates that if an agreement is not reached after 40 days of consultation, the proceedings can move to arbitration. Unfortunately USTR did not adhere to this timeline. Although the consultation period expired on November 17, 2010, the United States did not request arbitration until much later, in January of this year. The schedule in the Tribunal's procedural order provides for more than a year of proceedings even before the hearing is held in March 2012. Even assuming a prompt decision by the Tribunal thereafter, it will take more than five years from the U.S. lumber industry raising concerns about BC's pricing scheme before any relief is possible.

Delayed enforcement of the SLA costs the U.S. lumber industry jobs at a time when the sector is already on a decline. According to the Bureau of Labor Statistics, employment in the sawmills and wood preservation sector was 118,530. By 2009, that number had fallen to 89,840. The Department of Commerce calculates that each job in the lumber industry supports 4.5 more, which means nearly 130,000 jobs were lost between 2006 and 2009 as a result of the decline in the sawmill sector.

Failure to enforce the SLA in a timely fashion is a direct cause of this employment decline, and it has had a significant impact on Maine's lumber industry. From 2006 to 2008, Maine lost one sawmill factory each year. In 2010, two additional mills closed, and so far this year another one shut its doors. That represents a 24% decline in Maine's sawmills in the last five years alone. Moreover, in the rural areas of my state, sawmills are often the primary economic engines of towns, and when they close down, they take entire communities with them.

The enclosed letter from Ralph Dwyer, Town Manager of Ashland, Maine underscores this fact. Mr. Dwyer asks for timely enforcement of the SLA to ensure that the remaining sawmills are able to compete on a level playing field. According to him, without expeditious evaluation of complaints and initiation of consultations and arbitration when appropriate, the U.S. lumber industry in Maine will disappear. Loss of this \$702 million industry would be disastrous to Maine's economy, the U.S. manufacturing sector, and our national economic recovery.

The Softwood Lumber Agreement was signed as a way to create a level playing field for the U.S. lumber industry; however, it is only effective if it is enforced in a timely and efficient manner. I urge you to consider Mr. Dwyer's letter and the economic harm delayed enforcement of the SLA can cause in sawmill communities in Maine and throughout the country as dialogue about the agreement's extension begin and future complaints from U.S. industry are submitted to your agency.

Thank you for your consideration of this request. I look forward to working with you to protect and promote the U.S. lumber industry.

Sincerely,

MIKE MICHAUD

Member of Congress

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